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SIPDIS

SENSITIVE  
SIPDIS

STATE FOR SCA/CEN (M. O'MARA), SCA/RA (A. CUMMINGS)  
SECDEF FOR ATSD/NCB/CD/TR AND ASD/ISP/TSP/CP/CTR  
DTRA FOR BYRD

E.O. 12958: N/A

TAGS: PARM PREL KNNP KZ

SUBJECT: KAZAKHSTAN: PRIME MINISTER ESTABLISHES CTR VAT  
COMMISSION

**¶1.** (SBU) On April 3, Prime Minister Masimov issued a decree establishing an interagency commission to review Cooperative Threat Reduction (CTR) value-added tax (VAT) exemption claims for subcontractors. The commission met quickly for the first time on April 4 to establish its working procedures and to perform an initial review of two Biological Threat Reduction (BTR) subcontracts, on which no decision was reached. The commission will meet again on April 12, when Finance Minister Korzhova returns from a business trip, to make a decision on the five subcontract packages submitted by the Embassy, as well as on one other subcontract not submitted through Embassy channels for work at the Semipalatinsk Test Site.

**¶2.** (SBU) Comment: Creation of the commission was a crucial step forward, and a major accomplishment for the sclerotic Kazakhstani bureaucracy. There is much work to be before the April 15 deadline, however. To build upon the momentum created by the commission's establishment, we have requested meetings for the Ambassador with Prime Minister Masimov, Foreign Minister Tazhin, and Deputy Head of Presidential Administration Shkolnik in order to push for a prompt and final resolution. End comment.

ORDWAY